

**VILLAGE OF DEERFIELD, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED FEBRUARY 29, 2004**

**WITH  
INDEPENDENT AUDITORS' REPORT**

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF DEERFIELD	County LENAWEE
Audit Date FEBRUARY 29, 2004	Opinion Date APRIL 1, 2004	Date Accountant Report Submitted to State: MAY 24, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

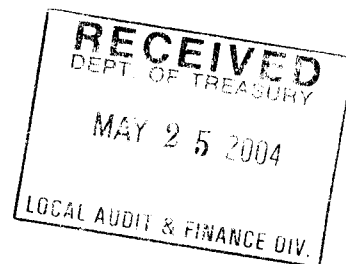
We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET		City ADRIAN	State MI
Accountant Signature 		ZIP 49221	

April 1, 2004

Village Council  
Village of Deerfield  
Lenawee County, Michigan



This letter discusses the upcoming conversion of the Village's financial statements to meet the reporting requirements under Governmental Accounting Standards Board (GASB) Pronouncement 34.

For the year ending February 28, 2006, the Village of Deerfield will need to meet the following requirements:

1. On a full accrual financial statement, the Village will report all fixed assets owned by the Village. This would include all land, buildings, equipment, roads, storm drains, and any other possible assets owned by the Village.

Related depreciation expense will also have to be determined.

2. Any long-term general obligation debt or long-term liabilities would be reported. The Village currently has long-term accumulated sick pay to be reported. The debt obligation for the Water Fund is already on the books.
3. The Village will be providing a Management's Discussion and Analysis (MD&A) letter. This letter will discuss the financial figures in the audit report and provide information on future financial activity.

We will work with the Village Clerk and other Village officials on the above requirements. The fixed assets, for the most part, can be obtained from general fixed asset records or insurance evaluations. And, we will assist in the preparation of the MD&A letter.

If you have any questions on GASB Statement No. 34 and the financial reporting by the Village on your next audit report, give me a call.

Sincerely,

ROBERTSON, EATON & OWEN, P.C.

A handwritten signature in dark ink, appearing to be "G. Owen", written over a horizontal line.

Gary Owen

VILLAGE OF DEERFIELD, MICHIGAN

INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

	<u>Page Number</u>
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	1 - 2
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditors' Report	3 - 4
Report on Compliance with Requirements Applicable to a Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 - Independent Auditors' Report	5 - 6
Combined Balance Sheet - All Fund Types and Account Groups	7 - 8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Funds	9 - 10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Contributed Capital - Enterprise Funds	11 - 12
Combined Statement of Cash Flows - Enterprise Funds	13 - 14
Notes to Financial Statements	15 - 23
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Special Revenue Funds	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Special Revenue Funds	25 - 26
Combining Balance Sheet - Enterprise Funds	27
Schedule of Revenues - Budget (GAAP Basis) and Actual - General Fund	28
Schedule of Expenditures - Budget (GAAP Basis) and Actual - General Fund	29
Schedule of Expenditures of Federal Awards	30
Schedule of Findings and Questioned Costs	31 - 32

April 1, 2004

### INDEPENDENT AUDITORS' REPORT

Village Council  
Village of Deerfield  
Lenawee County, Michigan

We have audited the accompanying general purpose financial statements of Village of Deerfield, Lenawee County, Michigan as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Deerfield, Lenawee County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Deerfield, Lenawee County, Michigan as of February 29, 2004, and the results of its operations and the cash flows of its individual Enterprise Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2004 on our consideration of Village of Deerfield, Lenawee County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Page 2

April 1, 2004

Village Council  
Village of Deerfield  
Lenawee County, Michigan

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Deerfield, Lenawee County, Michigan. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the Village of Deerfield, Lenawee County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

April 1, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

Village Council  
Village of Deerfield  
Lenawee County, Michigan

We have audited the financial statements of the Village of Deerfield, Lenawee County, Michigan, as of and for the year ended February 29, 2004, and have issued our report thereon dated April 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the Village of Deerfield, Lenawee County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Village of Deerfield, Lenawee County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Page 2

April 1, 2004

Village Council  
Village of Deerfield  
Lenawee County, Michigan

This report is intended solely for the information and use of management, the Village Council, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***



April 1, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO A  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT**

Village Council  
Village of Deerfield  
Lenawee County, Michigan

**COMPLIANCE**

We have audited the compliance of the Village of Deerfield, Lenawee County, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended February 29, 2004. The Village of Deerfield, Lenawee County, Michigan's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village of Deerfield, Lenawee County, Michigan's management. Our responsibility is to express an opinion on the Village of Deerfield, Lenawee County, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Deerfield, Lenawee County, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Deerfield, Lenawee County, Michigan's compliance with those requirements.

In our opinion, the Village of Deerfield, Lenawee County, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended February 29, 2004.

April 1, 2004

Village Council  
Village of Deerfield  
Lenawee County, Michigan

### **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Village of Deerfield, Lenawee County, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Deerfield, Lenawee County, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Village Council, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***

**VILLAGE OF DEERFIELD, MICHIGAN**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

February 29, 2004

		<u>GOVERNMENTAL FUND TYPES</u>	
	<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>
Cash		\$ 349,465	\$ 199,699
Investments		636	
<b>Receivables:</b>			
Taxes		8,939	
Accounts			
Prepaid materials			
Due from other governmental units		16,631	6,118
Due from other funds		38,568	6,700
Deposits			
<b>Restricted cash:</b>			
Bond and interest redemption			
Amount to be provided for long term debt			
Property, plant, and equipment			
Construction in progress			
		<hr/>	<hr/>
Total assets		<u>\$ 414,239</u>	<u>\$ 212,517</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<b>Liabilities:</b>			
Accounts payable		\$ 6,187	\$ 565
Accrued liabilities			
Due to other governmental units			
Due to other funds			1,249
Accrued sick pay			
DWRP loan payable			
		<hr/>	<hr/>
Total liabilities		<u>6,187</u>	<u>1,814</u>
<b>Fund equity:</b>			
Contributed capital			
Investment in general fixed assets			
Retained earnings			
Fund balance		<u>408,052</u>	<u>210,703</u>
		<hr/>	<hr/>
Total fund equity		<u>408,052</u>	<u>210,703</u>
		<hr/>	<hr/>
Total liabilities and fund equity		<u>\$ 414,239</u>	<u>\$ 212,517</u>

<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUPS</u>		<u>TOTALS</u>
<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long Term Debt</u>	<u>(Memorandum Only)</u>
\$ 356,817	\$ 2,655	\$	\$	\$ 908,636
				636
				8,939
77,708				77,708
6,388				6,388
116,096				138,845
2,000				47,268
1,300				1,300
21,627				21,627
			7,944	7,944
1,356,815		465,980		1,822,795
<u>780,323</u>				<u>780,323</u>
<u>\$ 2,719,074</u>	<u>\$ 2,655</u>	<u>\$ 465,980</u>	<u>\$ 7,944</u>	<u>\$ 3,822,409</u>
\$ 119,251	\$	\$	\$	\$ 126,003
	1,879			1,879
	538			538
45,781	238			47,268
17,244			7,944	25,188
<u>780,323</u>				<u>780,323</u>
<u>962,599</u>	<u>2,655</u>	<u>-</u>	<u>7,944</u>	<u>981,199</u>
888,914				888,914
		465,980		465,980
867,561				867,561
				<u>618,755</u>
<u>1,756,475</u>	<u>-</u>	<u>465,980</u>	<u>-</u>	<u>2,841,210</u>
<u>\$ 2,719,074</u>	<u>\$ 2,655</u>	<u>\$ 465,980</u>	<u>\$ 7,944</u>	<u>\$ 3,822,409</u>

**VILLAGE OF DEERFIELD, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**

**For the Year Ended February 29, 2004**

	<b>GENERAL FUND</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b>Variance Over <u>(Under)</u></b>
<b>Revenues:</b>			
Property taxes	\$ 154,000	\$ 162,754	\$ 8,754
Intergovernmental revenues	85,000	99,183	14,183
Licenses and permits	2,760	3,435	675
Charges	19,300	15,222	(4,078)
Interest income	1,550	1,580	30
Miscellaneous		<u>3,239</u>	<u>3,239</u>
Total revenues	<u>262,610</u>	<u>285,413</u>	<u>22,803</u>
<b>Expenditures:</b>			
General government	57,531	41,383	(16,148)
Village property	116,556	109,403	(7,153)
Public safety	52,165	52,100	(65)
Culture and recreation	9,082	11,985	2,903
Street maintenance	<u>31,000</u>	<u>25,670</u>	<u>(5,330)</u>
Other			
Total expenditures	<u>266,334</u>	<u>240,541</u>	<u>(25,793)</u>
Excess (deficiency) of revenues over expenditures		44,872	
<b>Other financing sources (uses):</b>			
Operating transfers in			
Operating transfers out	<u>(12,600)</u>	<u>(12,600)</u>	
Excess of revenues and other financing sources over expenditures and other uses		32,272	
Fund balances - beginning of year		<u>375,780</u>	
Fund balances - end of year		<u>\$ 408,052</u>	

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
\$ 16,500	\$ 30,548	\$ 14,048	\$ 170,500	\$ 193,302	\$ 22,802
65,000	74,403	9,403	150,000	173,586	23,586
			2,760	3,435	675
			19,300	15,222	(4,078)
700	1,110	410	2,250	2,690	440
				3,239	3,239
<u>82,200</u>	<u>106,061</u>	<u>23,861</u>	<u>344,810</u>	<u>391,474</u>	<u>46,664</u>
			57,531	41,383	(16,148)
			116,556	109,403	(7,153)
			52,165	52,100	(65)
			9,082	11,985	2,903
119,258	30,465	(88,793)	119,258	30,465	(88,793)
<u>4,700</u>	<u>3,804</u>	<u>(896)</u>	<u>35,700</u>	<u>29,474</u>	<u>(6,226)</u>
<u>123,958</u>	<u>34,269</u>	<u>(89,689)</u>	<u>390,292</u>	<u>274,810</u>	<u>(115,482)</u>
	71,792			116,664	
21,000	14,000	(7,000)	21,000	14,000	(7,000)
			<u>(12,600)</u>	<u>(12,600)</u>	
	85,792			118,064	
	<u>124,911</u>			<u>500,691</u>	
	<u>\$ 210,703</u>			<u>\$ 618,755</u>	

**VILLAGE OF DEERFIELD, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS**

**For the Year Ended February 29, 2004**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Water charges	\$ 225,930	\$	\$ 225,930
Sewer charges		188,675	188,675
Miscellaneous	<u>30,955</u>	<u>2,308</u>	<u>33,263</u>
Total operating revenues	<u>256,885</u>	<u>190,983</u>	<u>447,868</u>
<b>Operating expenses:</b>			
Salaries and benefits	119,749	82,150	201,899
Operating supplies	20,044	5,172	25,216
Utilities	11,025	27,346	38,371
Maintenance and repairs	4,543	16,590	21,133
Contracted service	5,755	7,251	13,006
Communication	2,178	1,183	3,361
Miscellaneous	1,588		1,588
Depreciation	<u>19,721</u>	<u>22,402</u>	<u>42,123</u>
Total operating expenses	<u>184,603</u>	<u>162,094</u>	<u>346,697</u>
Operating income	72,282	28,889	101,171
<b>Nonoperating revenues (expenses):</b>			
Interest expense	<u>(1,335)</u>		<u>(1,335)</u>
Income before operating transfers	<u>70,947</u>	<u>28,889</u>	<u>99,836</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	5,600		5,600
Operating transfers out	<u>(7,000)</u>		<u>(7,000)</u>
Total other financing sources (uses)	<u>(1,400)</u>	<u>-</u>	<u>(1,400)</u>
Net income	69,547	28,889	98,436
<b>Add:</b> Depreciation on fixed assets acquired by grants		<u>11,814</u>	<u>11,814</u>
Increase in retained earnings	69,547	40,703	110,250
Retained earnings - beginning of year	<u>450,738</u>	<u>306,573</u>	<u>757,311</u>
Retained earnings - end of year	<u>\$ 520,285</u>	<u>\$ 347,276</u>	<u>\$ 867,561</u>

VILLAGE OF DEERFIELD, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS

For the Year Ended February 29, 2004

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Contributed capital - beginning of year	\$ 3,478	\$ 909,064	\$ 912,542
Adjustment - prior year's depreciation on fixed assets acquired by grants	_____	<u>(11,814)</u>	<u>(11,814)</u>
Adjusted contributed capital - beginning of year	3,478	897,250	900,728
Less: Depreciation in 2003-2004 on fixed assets acquired by grants	_____	<u>(11,814)</u>	<u>(11,814)</u>
Contributed capital - end of year	<u>\$ 3,478</u>	<u>\$ 885,436</u>	<u>\$ 888,914</u>



**VILLAGE OF DEERFIELD, MICHIGAN**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ENTERPRISE FUNDS**  
**For the Year Ended February 29, 2004**  
**INCREASE IN CASH AND CASH EQUIVALENTS**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 225,816	\$ 177,760	\$ 403,576
Cash paid to suppliers and employees	<u>(143,103)</u>	<u>(144,944)</u>	<u>(288,047)</u>
Net cash provided by operating activities	<u>82,713</u>	<u>32,816</u>	<u>115,529</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds DWRP loan	676,183		676,183
Property assets purchased	<u>(625,187)</u>	<u>(4,260)</u>	<u>(629,447)</u>
Net cash provided by (used in) capital and related financing activities	<u>50,996</u>	<u>(4,260)</u>	<u>46,736</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	(7,000)		(7,000)
Transfer from other funds	<u>5,600</u>		<u>5,600</u>
Net cash used in non-capital financing activities	<u>(1,400)</u>	<u>-</u>	<u>(1,400)</u>
<b>Cash flows from investing activities:</b>			
Interest paid	<u>(1,335)</u>	<u>-</u>	<u>(1,335)</u>
Net increase in cash and cash equivalents	130,974	28,556	159,530
Cash and cash equivalents at beginning of year	<u>188,245</u>	<u>30,669</u>	<u>218,914</u>
Cash and cash equivalents at end of year	<u>\$ 319,219</u>	<u>\$ 59,225</u>	<u>\$ 378,444</u>

**VILLAGE OF DEERFIELD, MICHIGAN**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ENTERPRISE FUNDS**

**For the Year Ended February 29, 2004**

**RECONCILIATION OF OPERATING INCOME TO NET CASH**  
**PROVIDED BY OPERATING ACTIVITIES**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating income	\$ 72,282	\$ 28,889	\$ 101,171
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation expense	19,721	22,402	42,123
<b>(Increase) decrease in:</b>			
Accounts receivable	(21,876)	(15,487)	(37,363)
Prepaid supplies	(403)	(110)	(513)
Due from other funds	(9,193)	2,263	(6,930)
<b>Increase (decrease) in:</b>			
Accounts payable and other liabilities	15,540	1,073	16,613
Due to other funds	<u>6,642</u>	<u>(6,214)</u>	<u>428</u>
Net cash provided by operating activities	<u>\$ 82,713</u>	<u>\$ 32,816</u>	<u>\$ 115,529</u>

# **VILLAGE OF DEERFIELD, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Deerfield conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

#### **A. FUND ACCOUNTING**

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and three broad fund categories as follows:

#### **GOVERNMENTAL FUNDS**

**GENERAL FUND** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**SPECIAL REVENUE FUNDS** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

#### **PROPRIETARY FUNDS**

**ENTERPRISE FUNDS** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village has elected not to follow private-sector guidance Financial Accounting Standards Board (FASB) statements issued after December 1, 1989.

#### **FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**VILLAGE OF DEERFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. FIXED ASSETS AND LONG TERM LIABILITIES**

The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at appraised amounts as of July 1978, or cost, if subsequently acquired. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**VILLAGE OF DEERFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

**D. INVESTMENTS**

Investments are stated at cost or amortized cost, which approximates market.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents defined for the Statement of Cash Flows are demand deposits and short-term investments with maturities of less than three months.

**F. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW**

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

# **VILLAGE OF DEERFIELD, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

### **2. VILLAGE OF DEERFIELD - REPORTING ENTITY**

The Village is a General Law Village as provided under the General Village Act of 1895, governed by Village Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Deerfield as a primary government. There are no component units to the Village.

### **3. RETIREMENT PLAN**

#### **A. PLAN DESCRIPTION**

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Segal Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Deerfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

#### **B. FUNDING POLICY**

The Village is required to contribute the amounts necessary to fund the plan, using an actuarial basis resulting in a level contribution method as required by State statute.

#### **ANNUAL PENSION COST**

For the year ended February 29, 2004, the Village's annual pension cost was zero. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,
- [c] the assumption that benefits will increase 2.5% per year (annually) after retirement.

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

Currently, there is an unfunded actuarial accrued liability of \$7,584.

**VILLAGE OF DEERFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**3. RETIREMENT PLAN (continued)**

Actuarial Accrued Liability (as of 12/31/02)

Retirees and beneficiaries currently receiving benefits	\$ 445,561
Terminated employees not yet receiving benefits	-
Current employees --	
Accumulated employee contributions including	
allocated investment income	47,544
Employer financed	<u>357,946</u>

Total Actuarial Accrued Liability 851,051

Net Assets Available for Benefits at Actuarial Value 843,467

(Market Value is \$670,241)

Unfunded (Overfunded) Actuarial Accrued Liability \$ 7,584

**THREE YEAR TREND INFORMATION**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
February 28, 2001	\$ -	100%	0
February 28, 2002	-	100%	0
February 29, 2003	-	100%	0

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Actuarial Accrued Liability (AAL) Entry Age [b]</u>	<u>Unfunded AAL (UAAL) [b-a]</u>	<u>Funded Ratio [a/b]</u>	<u>Covered Payroll [c]</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/98	\$ 717,162	\$ 709,135	\$ (8,027)	\$101.1%	\$159,715	-
12/31/99	794,782	743,812	(50,970)	107%	175,407	-
12/31/00	844,671	770,996	(73,675)	110%	138,539	-
12/31/01	864,685	819,261	(45,424)	106%	149,926	-
12/31/02	843,467	851,051	7,584	99%	186,623	4%

VILLAGE OF DEERFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

4. DEFERRED COMPENSATION PLAN

The Village offers its employees a Deferred Compensation Plan, created in accordance with the Internal Revenue Code Section 457. The Plan, available to all Village employees, permits them to defer a portion of their salary, up to 25% of annual salary, or \$7,500, whichever is less. Participation in the Plan is optional. Total value of assets in the Plan at February 29, 2004 was \$68,659.

5. PROPERTY TAXES

The Village of Deerfield's tax bills are for the period from July 1 to June 30. The taxes are based on the assessed valuations as of December 31 of the preceding year. Taxes collected for the period from July 1, 2003 to June 30, 2004 based on assessments as of December 31, 2002 are recorded as revenues in the Village's fiscal year ended February 29, 2004.

Since the County through revolving funds obtains the delinquent real property taxes for the Village, the sixty (60) day rule does not apply to such delinquent taxes receivable.

6. LONG TERM DEBT

Accrued sick pay shown in the General Long Term Debt Account Group and Enterprise Funds amounting to \$25,188 represents the vested portion (50%) of accumulated unused sick time of Village employees. Employees can accumulate up to 720 hours of sick time of which 50% will be paid at time of termination.

7. PROPERTY, PLANT, AND EQUIPMENT

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>March 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>February 29, 2004</u>
Land and land improve- ments	\$ 55,520	\$ 2,368	\$	\$ 57,888
Buildings	129,889			129,889
Vehicles	108,731			108,731
Equipment, furniture, and fixtures	140,882	2,465		143,347
Storm drain	<u>26,125</u>	<u>          </u>	<u>          </u>	<u>26,125</u>
Total General Fixed Assets	<u>\$461,147</u>	<u>\$ 4,833</u>	<u>\$ -</u>	<u>\$465,980</u>

See Note 1 for the method of recording general fixed assets.



VILLAGE OF DEERFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

7. PROPERTY, PLANT, AND EQUIPMENT (continued)

A summary of the assets and related accumulated depreciation recorded in the Enterprise Funds at February 29, 2004 follows:

	<u>Total</u>	<u>Estimated Useful Lives - Years</u>
Water Filtration Plant	\$ 132,200	40
Water mains and related equipment	591,375	25 - 100
Waste Water Treatment Plant	1,598,270	100
Equipment	336,405	10 - 20
Land	16,871	
Construction in progress	<u>676,183</u>	
Total cost	3,351,304	
Less accumulated depreciation	<u>1,318,306</u>	
Net carrying amount	<u>\$ 2,032,998</u>	

8. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the function/activity level and adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end.

The General Fund had one function where expenditures exceeded budget.

9. CASH AND INVESTMENTS

CASH - DEPOSITS

At year end, the carrying value of the Village's deposits was \$930,263, and bank balance was \$936,020. Of the bank balance, \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village uncollateralized deposits can increase significantly; as a result, the amounts of uncollateralized deposits at this time can be substantially higher. All deposits are with a bank located in Michigan, as required by statutes.

**VILLAGE OF DEERFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**FEBRUARY 29, 2004**

**9. CASH AND INVESTMENTS (continued)**

**INVESTMENTS**

Investments of the Village consisted of the following at February 29, 2004:

<u>Fund</u>	<u>Type</u>	<u>Cost</u>	<u>Market Value</u>
General	Putnam Money Market Fund - C-1-B	<u>\$ 636</u>	<u>\$ 636</u>

**10. INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ 38,568	Major Street	\$ 692
		Local Street	557
		Sewer	15,770
		Water	21,311
		Trust & Agency – payroll	<u>238</u>
	<u>38,568</u>		38,568
Sewer	2,000	Water	2,000
Local Street	<u>6,700</u>	Water	<u>6,700</u>
Total	<u>\$ 47,268</u>		<u>\$ 47,268</u>

**11. Long-Term Debt**

The Village is replacing approximately 5,000 linear feet of water main and constructing a new 200,000 gallon elevated water storage tank. The total cost which is estimated to be \$925,000 is being funded by a bond issue.

The bonds are revenue bonds to be paid from Water Fund revenues. The bond issue is the Village of Deerfield Water Supply System Revenue Bonds, Series 2003, for \$925,000 with an interest rate of 2.5%.

This bond issue was purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred. At February 29, 2004, the loan/bond balance outstanding was \$780,323.

# VILLAGE OF DEERFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

### 11. Long-Term Debt (continued)

Projected debt payments are as follows:

\$925,000

#### VILLAGE OF DEERFIELD COUNTY OF LENA WEE, STATE OF MICHIGAN WATER SUPPLY SYSTEM REVENUE BONDS SERIES 2003

<u>Payment Date*</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>	<u>Fiscal Year Total</u>
4/1/2004	\$		\$ 9,310.42 est	\$ 9,310.42	\$
10/1/2004	35,000.00	2.500%	11,296.88 est	46,296.88	55,607.30
4/1/2005			11,125.00	11,125.00	
10/1/2005	35,000.00	2.500%	11,125.00	46,125.00	57,250.00
4/1/2006			10,687.50	10,687.50	
10/1/2006	40,000.00	2.500%	10,687.50	50,687.50	61,375.00
4/1/2007			10,187.50	10,187.50	
10/1/2007	40,000.00	2.500%	10,187.50	50,187.50	60,375.00
4/1/2008			9,687.50	9,687.50	
10/1/2008	40,000.00	2.500%	9,687.50	49,687.50	59,375.00
4/1/2009			9,187.50	9,187.50	
10/1/2009	40,000.00	2.500%	9,187.50	49,187.50	58,375.00
4/1/2010			8,687.50	8,687.50	
10/1/2010	40,000.00	2.500%	8,687.50	48,687.50	57,375.00
4/1/2011			8,187.50	8,187.50	
10/1/2011	45,000.00	2.500%	8,187.50	53,187.50	61,375.00
4/1/2012			7,625.00	7,625.00	
10/1/2012	45,000.00	2.500%	7,625.00	52,625.00	60,250.00
4/1/2013			7,062.50	7,062.50	
10/1/2013	45,000.00	2.500%	7,062.50	52,062.50	59,125.00
4/1/2014			6,500.00	6,500.00	
10/1/2014	45,000.00	2.500%	6,500.00	51,500.00	58,000.00
4/1/2015			5,937.50	5,937.50	
10/1/2015	45,000.00	2.500%	5,937.50	50,937.50	56,875.00
4/1/2016			5,375.00	5,375.00	
10/1/2016	50,000.00	2.500%	5,375.00	55,375.00	60,750.00
4/1/2017			4,750.00	4,750.00	
10/1/2017	50,000.00	2.500%	4,750.00	54,750.00	59,500.00
4/1/2018			4,125.00	4,125.00	
10/1/2018	50,000.00	2.500%	4,125.00	54,125.00	58,250.00
4/1/2019			3,500.00	3,500.00	
10/1/2019	55,000.00	2.500%	3,500.00	58,500.00	62,000.00
4/1/2020			2,812.50	2,812.50	
10/1/2020	55,000.00	2.500%	2,812.50	57,812.50	60,625.00
4/1/2021			2,125.00	2,125.00	
10/1/2021	55,000.00	2.500%	2,125.00	57,125.00	59,250.00
4/1/2022			1,437.50	1,437.50	
10/1/2022	55,000.00	2.500%	1,437.50	56,437.50	57,875.00
4/1/2023			750.00	750.00	
10/1/2023	60,000.00	2.500%	750.00	60,750.00	61,500.00
4/1/2024			0.00	0.00	
	<u>\$ 925,000.00</u>		<u>\$ 260,107.30</u>	<u>\$ 1,185,107.30</u>	<u>\$ 1,185,107.30</u>

\*Note: The payment is due to the State 5 days prior.

Est. = Estimated, actual payments will be based on actual draw schedule. After the project is completed, if the full amount of the bonds have not been used, the bond amount will be reduced and the payment schedule will be revised based on the revised bond amount.

**VILLAGE OF DEERFIELD, MICHIGAN**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
**February 29, 2004**

<u><b>ASSETS</b></u>	<u><b>Major Street Fund</b></u>	<u><b>Local Street Fund</b></u>	<u><b>Equipment Replacement Fund</b></u>	<u><b>Total</b></u>
Cash	\$ 90,282	\$ 51,749	\$ 57,668	\$ 199,699
Due from State	4,728	1,390		6,118
Due from other funds		6,700		6,700
Total assets	<u>\$ 95,010</u>	<u>\$ 59,839</u>	<u>\$ 57,668</u>	<u>\$ 212,517</u>
<u><b>LIABILITIES AND FUND BALANCE</b></u>				
<b>Liabilities:</b>				
Accounts payable	\$ 692	\$ 557	\$ 565	\$ 1,249
Due to other funds				
Fund balance	<u>94,318</u>	<u>59,282</u>	<u>57,103</u>	<u>210,703</u>
Total liabilities and fund balance	<u>\$ 95,010</u>	<u>\$ 59,839</u>	<u>\$ 57,668</u>	<u>\$ 212,517</u>

**VILLAGE OF DEERFIELD, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUNDS**

**For the Year Ended February 29, 2004**

	<u><b>MAJOR STREET FUND</b></u>		<u><b>LOCAL STREET FUND</b></u>	
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Budget</b></u>	<u><b>Actual</b></u>
<b>Revenues:</b>				
State shared revenue	\$ 50,000	\$ 57,484	\$ 15,000	\$ 16,919
Interest	300	728	150	153
Property taxes	<u>          </u>	<u>          </u>	<u>16,500</u>	<u>30,548</u>
Total revenues	<u>50,300</u>	<u>58,212</u>	<u>31,650</u>	<u>47,620</u>
<b>Expenditures:</b>				
Routine maintenance	66,412	13,775	40,153	7,918
Winter maintenance	7,206	4,442	5,487	4,330
Rental	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital outlay	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>73,618</u>	<u>18,217</u>	<u>45,640</u>	<u>12,248</u>
Excess (deficiency) of revenues over (under) expenditures		39,995		35,372
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other sources (uses)		39,995		35,372
Fund balances - March 1, 2003		<u>54,323</u>		<u>23,910</u>
Fund balances - February 29, 2004		<u>\$ 94,318</u>		<u>\$ 59,282</u>

**EQUIPMENT  
REPLACEMENT FUND**

**TOTALS  
(MEMORANDUM ONLY)**

<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 250	\$ 229	\$ 65,000	\$ 74,403
		700	1,110
		<u>16,500</u>	<u>30,548</u>
<u>250</u>	<u>229</u>	<u>82,200</u>	<u>106,061</u>
		106,565	21,693
		12,693	8,772
1,200	1,339	1,200	1,339
<u>3,500</u>	<u>2,465</u>	<u>3,500</u>	<u>2,465</u>
<u>4,700</u>	<u>3,804</u>	<u>123,958</u>	<u>34,269</u>
	(3,575)		71,792
<u>21,000</u>	<u>14,000</u>	<u>21,000</u>	<u>14,000</u>
	10,425		85,792
	<u>46,678</u>		<u>124,911</u>
	<u>\$ 57,103</u>		<u>\$ 210,703</u>

**VILLAGE OF DEERFIELD, MICHIGAN**  
**COMBINING BALANCE SHEET - ENTERPRISE FUNDS**

February 29, 2004

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash	\$ 297,592	\$ 59,225	\$ 356,817
<b>Receivables:</b>			
Accounts	41,717	35,991	77,708
Prepaid materials	4,628	1,760	6,388
Deposits	1,300		1,300
<b>Restricted cash:</b>			
Bond and interest redemption	21,627		21,627
Property, plant, and equipment – net	203,940	1,152,875	1,356,815
Construction in progress	780,323		780,323
Due from State	116,096		116,096
Due from other funds		2,000	2,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,467,223</u>	<u>\$ 1,251,851</u>	<u>\$ 2,719,074</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<b>Liabilities:</b>			
Accounts payable	\$ 118,525	\$ 726	\$ 119,251
Due to other funds	30,011	15,770	45,781
Accrued sick pay	14,601	2,643	17,244
DWRP loan payable	780,323		780,323
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>943,460</u>	<u>19,139</u>	<u>962,599</u>
<b>Fund equity:</b>			
Contributed capital	3,478	885,436	888,914
Retained earnings	520,285	347,276	867,561
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund equity	<u>523,763</u>	<u>1,232,712</u>	<u>1,756,475</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund equity	<u>\$ 1,467,223</u>	<u>\$ 1,251,851</u>	<u>\$ 2,719,074</u>

**VILLAGE OF DEERFIELD, MICHIGAN**  
**SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND**

**For the Year Ended February 29, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Property taxes	\$ 154,000	\$ 162,754	\$ 8,754
<b>Intergovernmental revenues:</b>			
State shared revenues	<u>85,000</u>	<u>99,183</u>	<u>14,183</u>
<b>Licenses and permits:</b>			
Building permits	2,500	3,160	660
Liquor licenses	<u>260</u>	<u>275</u>	<u>15</u>
	<u>2,760</u>	<u>3,435</u>	<u>675</u>
<b>Charges for services:</b>			
Charges for Major Street	11,800	8,522	(3,278)
Charges for Local Street	<u>7,500</u>	<u>6,700</u>	<u>(800)</u>
	<u>19,300</u>	<u>15,222</u>	<u>(4,078)</u>
Interest income	<u>1,550</u>	<u>1,580</u>	<u>30</u>
Miscellaneous/refunds and rebates	<u>-</u>	<u>3,239</u>	<u>3,239</u>
	<u>\$ 262,610</u>	<u>\$ 285,413</u>	<u>\$ 22,803</u>



**VILLAGE OF DEERFIELD, MICHIGAN**

**SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL -  
GENERAL FUND**

**For the Year Ended February 29, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>General Government:</b>			
Legislative	\$ 11,451	\$ 10,673	\$ (778)
Executive	7,518	6,185	(1,333)
Election		319	319
Attorney	3,500	3,340	(160)
Clerk	16,826	5,671	(11,155)
Accounting	6,000	2,400	(3,600)
Treasurer	3,653	4,967	1,314
Village Hall	7,450	6,963	(487)
Planning - Zoning Commission	<u>1,133</u>	<u>865</u>	<u>(268)</u>
	<u>57,531</u>	<u>41,383</u>	<u>(16,148)</u>
Village property	<u>116,556</u>	<u>109,403</u>	<u>(7,153)</u>
<b>Public Safety:</b>			
Police Department	35,000	35,738	738
Protective inspections	6,165	5,749	(416)
Street lights	<u>11,000</u>	<u>10,613</u>	<u>(387)</u>
	<u>52,165</u>	<u>52,100</u>	<u>(65)</u>
<b>Culture and Recreation:</b>			
Community service	3,300	3,137	(163)
Recreation - parks	4,732	5,607	875
Library	<u>1,050</u>	<u>3,241</u>	<u>2,191</u>
	<u>9,082</u>	<u>11,985</u>	<u>2,903</u>
<b>Other:</b>			
Insurance	25,000	21,340	(3,660)
Worker's Compensation Insurance	<u>6,000</u>	<u>4,330</u>	<u>(1,670)</u>
	<u>31,000</u>	<u>25,670</u>	<u>(5,330)</u>
	<u>\$ 266,334</u>	<u>\$ 240,541</u>	<u>\$ (25,793)</u>

**VILLAGE OF DEERFIELD, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended February 29, 2004**

<b><u>Federal Grantor/ Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Pass Through Entity's Identifying Number</u></b>	<b><u>Program or Award Amount</u></b>	<b><u>Federal Expenditures</u></b>
U.S. Environmental Protection Office of Water Drinking Water State Revolving Loan	66.468	7128-01	\$ 637,788	\$ <u>538,033</u> (1)
Total Expenditures of Federal Awards				\$ <u>538,033</u>

(1) Through Reimbursement Request #12.

**VILLAGE OF DEERFIELD, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended February 29, 2004**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	_____	YES	<u>  X  </u>	NO
* Reportable condition(s) identified that are not considered to be material weaknesses?	_____	YES	<u>  X  </u>	NONE REPORTED

Noncompliance material to financial statements noted?

\_\_\_\_\_ YES   X   NO

**FEDERAL AWARDS**

Internal control over major programs:

* Material weakness(es) identified?	_____	YES	<u>  X  </u>	NO
* Reportable condition(s) identified that are not considered to be material weaknesses?	_____	YES	<u>  X  </u>	NONE REPORTED

Type of auditors' report issued on compliance for major program:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ YES   X   NO

**VILLAGE OF DEERFIELD, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended February 29, 2004**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**IDENTIFICATION OF MAJOR PROGRAM:**

<u>CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Name of Federal Program</u>
66.468	7128-01	Drinking Water State Revolving Loan

Dollar Threshold used to distinguish  
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X   YES        NO

**SECTION II - FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE